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SUBJ: SIXTH INTERMINISTERIAL: AGENDA ITEM IV-A -
KOREAN- AMERICAN BUSINESS INSTITUTE

1. A. BACKGROUND. PRIOR TO FIFTH INTERMINISTERIAL, KOREANS CAME UP WITH IDEA OF TRADE INSTITUTE. IN DISCUSSIONS BETWEEN EMBASSY AND MCI PRIOR TO ESTABLISHMENT OF FIFTH INTERMINISTERIAL AGENDA, IT DEVELOPED THAT WHAT WAS REALLY NEEDED AND INTENDED WAS BUSINESS INSTITUTE WHICH WOULD TEACH BUSINESSMEN OF TWO COUNTRIES HOW TO DO BUSINESS WITH ONE ANOTHER. SUCH AN INSTITUTE, IT WAS SUGGESTED, WOULD FACILITATE THE GROWTH OF U.S. BUSINESS PRESENCE IN KOREA. AT SAME TIME, IT WAS AGREED THAT INSTITUTE SHOULD BE PRIVATE SECTOR OPERATION WITH ENCOURAGEMENT OF TWO GOVERNMENTS BUT WITHOUT DIRECT SUPPORT OR ASSISTANCE.

2. ITEM APPEARED ON FIFTH INTERMINISTERIAL AGENDA AS "AMERICAN BUSINESS INSTITUTE". DISCUSSION WAS BRIEF AND JOINT COMMUNIQUE NOTED BOTH SIDES HAD AGREED ON UTILITY OF ESTABLISHING INSTITUTE. IT WAS FURTHER AGREED THAT INFORMAL COMMITTEE WOULD BE ESTABLISHED TO WORK WITH INTERESTED KOREAN PRIVATE ORGANIZATIONS TO DEVELOP INSTITUTE PROGRAM.

3. IT WAS THOUGHT THAT NEW INSTITUTE WOULD LOGICALLY BE DEVELOPED UNDER AEGIS OF KOREA-US ECONOMIC COUNCIL. COUNCIL, HOWEVER, WAS SLOW TO TAKE UP IDEA. MEANWHILE,
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CHANG, WOO-JOO, EX MAJOR GENERAL AND DIRECTOR OF

INSTRUCTION IN KOREAN WAR COLLEGE, AND CURRENTLY PRESIDENT OF HARVARD BUSINESS CLUB OF KOREA, MOVED IN TO PREPARE OUTLINE OF INSTITUTE AND COURSE PROGRAM. AT EMBASSY-SPONSORED LUNCHEON MEETING IN NOVEMBER 1973, ECONOMIC COUNCIL OFFICERS OFFERED CONSTRUCTIVE CRITICISM OF GENERAL CHANG'S PLANS AND INDICATED TACIT SUPPORT FOR INSTITUTE UNDER HIS DIRECTION.

4. IN SUCCEEDING MONTHS, GENERAL CHANG HAS CONTINUED METHODICALLY TO PUT PROJECT TOGETHER. HE HAS PREPARED A BUDGET AND ARTICLES OF INCORPORATION. HE HAS OBTAINED PLEDGES OF MONETARY SUPPORT FROM SEVERAL LEADING KOREAN BUSINESSMEN, OBTAINED DONATION OF CLASSROOM SPACE AND OFFICES, AND SECURED AN AGREEMENT TO SERVE ON BOARD FROM U.S. AND KOREAN BUSINESS LEADERS. HE HAS EVEN ESTABLISHED PRELIMINARY CONNECTIONS WITH HARVARD BUSINESS SCHOOL. SCOPE OF PROJECT AS PRESENTLY OUTLINED IS REALISTIC AND IS BASED PRIMARILY ON SHORT COURSES TO BE CONDUCTED PRIMARILY BY KOREAN AND AMERICAN VOLUNTEER EXECUTIVES.

5. ONE QUESTION REMAINING IS DEPTH OF SUPPORT NEW INSTITUTE WOULD OBTAIN FROM BOTH KOREAN AND AMERICAN BUSINESS COMMUNITIES. WITHOUT THIS NOURISHMENT, NEW INSTITUTE WOULD WITHER ON VINE. ALTHOUGH GENERAL HAS MONEY AND ORGANIZATION TO GET PROJECT STARTED, BUSINESS COMMUNITIES MUST CONTINUALLY PROVIDE FACULTIES, STUDENTS AND TUITION TO KEEP IT GOING. QUESTIONNAIRE NOW BEING CIRCULATED IN BOTH BUSINESS COMMUNITIES MAY PROVIDE ANSWER TO THIS QUESTION.

6. ANOTHER QUESTION IS INSTITUTIONAL SUPPORT. NO USG MONEY OR DIRECT SUPPORT CAN BE INVOLVED. SAME GOES FOR KOREAN GOVERNMENT. AMERICAN CHAMBER OF COMMERCE SUPPORT WOULD BE MOSTLY IN FORM OF ENCOURAGEMENT. KOREAN CHAMBER OF COMMERCE ALSO PROVIDING SOME DEGREE OF SUPPORT. HOWEVER, EMBASSY WOULD BE MUCH MORE SANGUINE ABOUT INSTITUTE'S CHANCES IF KOREA-US ECONOMIC COUNCIL WOULD GET STRONGLY BEHIND IT. COUNCIL HAS MONEY, ORGANIZATION AND PRESTIGE TO MAKE IT GO. WITHOUT THE COUNCIL, THERE IS SOME DOUBT GENERAL CHANG CAN SUCCEED. AT ANY RATE,
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THERE IS UNANIMOUS AGREEMENT BY ALL INTERESTED PARTIES THAT CONCEPT OF INSTITUTE IS SOUND AND ITS ACTIVATION WOULD MAKE STRONG CONTRIBUTION TO DEVELOPING KOREAN-AMERICAN BUSINESS RELATIONSHIP.

7. B. ISSUE. THE CONCEPT OF A KOREAN-AMERICAN BUSINESS INSTITUTE, WHICH COULD TEACH THE BUSINESSMEN OF BOTH COUNTRIES HOW TO DO BUSINESS WITH EACH OTHER, WAS PRODUCT

OF FIFTH INTERMINISTERIAL. IN INTERVAL, THE CONCEPT HAS BEEN GIVEN MORE CONCRETE FORM THROUGH THE EFFORTS OF PRIVATE KOREAN AND AMERICAN INDIVIDUALS AND INSTITUTIONS IN SEOUL. ENCOURAGEMENT HAS ALSO BEEN PROVIDED BY AMERICAN EMBASSY IN SEOUL AND MCI. ONCE PROPOSAL FOR AN INSTITUTE HAS MOBILIZED. NECESSARY SUPPORT FROM BOTH AMERICAN AND KOREAN BUSINESS COMMUNITIES, IT CAN MOVE TOWARD REALIZATION. THE INSTITUTE WOULD ASSIST THE DEVELOPMENT OF THE AMERICAN BUSINESS PRESENCE IN KOREA.

8. C. TALKING POINTS. THE CONCEPT OF A KOREAN-AMERICAN BUSINESS INSTITUTE IS A GOOD ONE. THE BUSINESSMEN OF BOTH COUNTRIES HAVE MUCH TO LEARN ABOUT HOW TO DO BUSINESS WITH EACH OTHER. AN INSTITUTE TEACHING THIS SUBJECT COULD MATERIALLY ASSIST THE PROCESS.

9. SINCE THE FIFTH INTERMINISTERIAL, CONSIDERABLE PROGRESS HAS BEEN MADE TOWARD GIVING THE INSTITUTE CONCRETE FORM. WHILE THE USG WILL CONTINUE TO ENCOURAGE THIS DEVELOPMENT, IT CANNOT PROVIDE MATERIAL SUPPORT.

10. WE BELIEVE IT IS IMPORTANT THAT, PRIOR TO INAUGURATION OF THE INSTITUTE, THERE BE SUFFICIENT EVIDENCE THAT BOTH THE AMERICAN AND KOREAN BUSINESS COMMUNITIES ARE PREPARED TO SUPPORT THE INSTITUTE WITH FACULTY, STUDENTS AND TUITION FEES IN AN AMOUNT TO INSURE ITS CONTINUING OPERATION. IN THIS REGARD, WE WILL RECOMMEND TO THE ORGANIZERS OF THE INSTITUTE THE IMPORTANCE OF THEIR OBTAINING THE DIRECT SUPPORT OF THE KOREA-US ECONOMIC COUNCIL WHICH IS DEDICATED TO THE SAME PURPOSE AS THE PROPOSED INSTITUTE.
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